THE UNIVERSITY of TENNESSEE
MUNICIPAL TECHNICAL ADVISORY SERVICE
...in cooperation with the Tennessee Municipal League

#175 HOT topic

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FEDERAL MILEAGE RATE EFFECTIVE JANUARY 1, 2009

by Richard Phebus, Finance and Accounting Consultant

The Internal Revenue Service announced on November 24, 2008, a change in the optional standard mileage rate for the calendar year beginning January 1, 2009. The optional rate may be used to reimburse employees for the use of personal vehicles used in the course of business activities.

The rate changed to 55 cents per mile for all business miles driven after December 31, 2008. This is a reduction in the standard mileage rate of 58.5 cents per mile, which was in effect for the last six months of 2008. You can read IRS Revenue Procedure 2008-72 at the IRS Web site (http://www.irs.gov/pub/irs-drop/rp-08-72.pdf) for an electronic copy.

Municipalities that reimburse employees for business use of their personal vehicles based on the federal optional standard rate should revise their travel policies to reflect this change if necessary. For municipalities that reimburse employees for business use based on the state of Tennessee mileage rate, the rate remains the same as in 2008 at 54 cents per mile.

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Knoxville (Headquarters). . . . . (865) 974-0411
Johnson City . . . . . (423) 854-9882
(423) 282-0416
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